GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1160
ANSWERED ON:02.05.2016
Marketing Freedom to Oil/Gas Operators
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government proposes to provide marketing freedom to operators in the oil and natural gas fields and if so, the details thereof along with the likely benefits of the said move;
(b) the steps taken by the Government to sort out the regulatory mechanism and fiscal issues in this regard;
(c) whether the Government has fixed/ proposes to fix the prices of natural gas similar to the rates prevalent in gas surplus nations instead of gas deficient nations and if so, the details thereof;
(d) whether such a move is likely to discourage oil exploration and production companies from committing new capital expenditure if so, the details thereof and the steps taken in this regard; and
(e) whether the ONGC has requested the Government to review the new gas pricing formula in KG Basin terning it as non-viable to carry out its discoveries in KG Basin and if so, the details thereof along with the response of the Government thereto and the steps taken by the Government in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE)
IN THE MINISTRY OF PETROLEUM & NATURAL GAS
(SHRI DHARMENDRA PRADHAN):
(a) & (b) Government has approved marketing freedom for oil and gas to be produced from the blocks/fields to be offered under Hydrocarbon Exploration and Licensing Policy (HELP) and Discovered Small Field Policy. The policies are aimed to attract investments and increase production of oil and gas.
(c) & (d) The price of domestically produced natural gas is being determined as per New Domestic Natural Gas Pricing Guidelines, 2014 (copy enclosed). These guidelines strive to achieve a fine balance between the requirements of producing and consuming sectors.
(e) ONGC along with other operators had requested for review of applicable pricing mechanism for gas produced from its block KG-DWN-98/2. Considering the requests from the oil and gas operators Government has decided to grant Marketing (including pricing freedom) to the discoveries made in the Deepwater, Ultra Deepwater and High Pressure High Temperature areas which have not gone on production as on 1.1.2016 and also to the discoveries which are to be made in future in such areas. This freedom would be subject to a ceiling price on the basis of landed price of alternative fuels. In case of existing discoveries which are yet to commence commercial production as on 1.1.2016, if there is pending arbitration or litigation filed by the contractors directly pertaining to gas pricing covering such fields, this policy guideline shall be made applicable only on the conclusion/withdrawal of such arbitration/litigation and attendant legal proceedings.
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